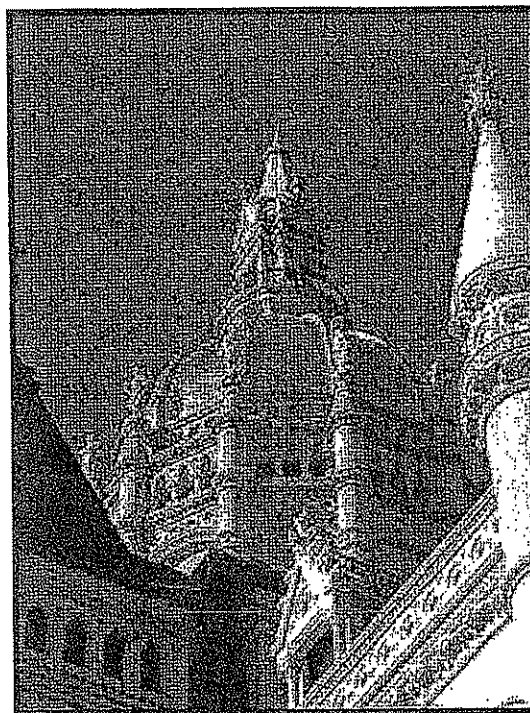


GOVERNOR M. JODI RELL

DEFICIT MITIGATION PLAN FOR FISCAL YEAR 2010

MARCH 1, 2010.



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**Governor Rell's
March 1, 2010 Deficit Mitigation Plan
General Fund
(in millions)**

Projected FY 2010 Deficit per OPM's 1/20/10 Letter to the Comptroller	(\$500.5)
Additional FY 2010 Deficit Projection per OPM 2/22/10 Letter to the Comptroller	(\$3.4)
Revised FY 2010 Deficit Projection	<u>(\$503.9)</u>

	<u>FY 2010 Impact</u>	<u>FY 2011 Impact</u>
Defer State Employee Retirement System Contribution per SEBAC Agreement	\$100.0	\$0.0
Receive ARRA FMAP for Part D Clawback Payments	\$44.8	\$34.2
Fund Transfers	\$58.2	\$0.0
Expenditure Reductions	\$81.8	\$120.3
Revenue Changes	\$0.0	\$64.7
Budget Reserve Fund Transfer From FY 2011 to FY 2010	\$219.2	(\$219.2)
Total	<u>\$504.0</u>	<u>\$0.0</u>
Balance	\$0.1	

MARCH 1, 2010 DEFICIT MITIGATION PLAN
Fund Transfers

	<u>FY 2010 Amount</u>	<u>FY 2011 Amount</u>
1.) Biomedical Research Trust Fund	\$6,000,000	
2.) Citizens Election Fund	\$12,000,000	
3.) Community Investment Act	\$5,000,000	
4.) DEP Account Balances	\$11,690,000	
5.) Public, Educational, Government Programming Account	\$2,300,000	
6.) Stem Cell Research Fund	\$5,000,000	
7.) Tobacco and Health Trust Fund	\$5,000,000	
8.) Emissions Enterprise Fund	\$1,000,000	
9.) Reduce General Fund transfer to Special Transportation Fund	\$10,000,000	
10.) Sweep Remaining FEMA Administration Funds at OPM	\$222,411	
TOTAL, Fund Transfers	\$58,212,411	\$0

MARCH 1, 2010 DEFICIT MITIGATION PLAN
Expenditure Reductions

amounts shown are net of any impact to federal reimbursements, where applicable

	FY 2010 Amount	FY 2011 Amount
1.) CCT - Reduce Culture Tourism and Arts and Basic Cultural Resources Grants by 25%	(\$853,905)	
2.) CCT - Reduce Line-Item Grants	(\$2,693,488)	
3.) CSL - Suspend Funding for Computer Access Program	(\$132,440)	
4.) DAS/Statewide - Expand the Use of Cooperative Purchasing Plans	(\$50,000)	
5.) DCF - Initiate Proposed FY 2011 Contract Suspensions in-FY 2010	(\$1,124,614)	
6.) DCF - Suspend Funding for Neighborhood Center	(\$43,500)	(\$261,010)
7.) DDS - Delay Placements Under Cooperative Placements Program by Two Months	(\$55,000)	
8.) DDS - Reduce Employment Opportunities and Day Programs	(\$250,000)	
9.) De-appropriate Funds to Watchdog Agencies in Lieu of Rescissions	(\$164,814)	
10.) DECD - Maintain Current Year Funding for SBIR Program	(\$850,000)	
11.) DECD - Suspend Funding for Main Street Initiative	(\$151,711)	
12.) DECD - Suspend Funding for the CT Center for Advanced Technology (CCAT) Manufacturing Supply Chain Program	(\$380,000)	
13.) DECD/OPM - Suspend Funding for HOME CT	(\$1,777,602)	
14.) DEP - Reduce Reimbursement for Underground Storage Tank Program	(\$1,500,000)	
15.) DHE - Recalibrate Minority Advancement Program Funding based on Prior Year Funding Availability	(\$491,423)	
16.) DHE - Recalibrate Capitol Scholarship Program based on Prior Year Funding Availability	(\$422,852)	
17.) DHE - Require UCONN and CSU to Fund CommPACT Schools Program	(\$320,625)	
18.) DHE - Suspend Funding for Education and Health Initiatives	(\$235,125)	
19.) DHE - Suspend Funding for Washington Center	(\$1,187)	
20.) DHE - Suspend New Funding for Americorps	(\$175,000)	
21.) DHE - Suspend Subsidy for Out-of-State Veterinary School	(\$275,000)	
22.) DMHAS - Delay TBI Community Services Placements for 7 Clients by One Month	(\$36,000)	
23.) DMHAS - Delay Young Adult Services Placements for 185 Referrals by Two Weeks	(\$174,000)	
24.) DMHAS - Reduce Employment Opportunities to the FY09 level	(\$43,109)	
25.) DMHAS - Reduce Grants for Mental Health Services to the FY09 level	(\$250,000)	
26.) DMHAS - Suspend Yale Research Subsidy	(\$200,000)	
27.) DMHAS/DSS/OTT - Debt Service - Delay Supportive Housing New Starts Until FY11	(\$1,774,000)	
28.) DOC - Use UConn Balance to Fund Inmate Medical System	(\$4,000,000)	
29.) DPH - Reduce School Based Health Clinics Account	(\$1,044,064)	
30.) DSS - Adjust SAGA FQHC Payments to 90% of Medicaid Rates	(\$260,000)	
31.) DSS - Align HUSKY B Co-Pay Requirements with Co-Pays Charged In the State Employee Health Plans	(\$40,000)	
32.) DSS - Conform Payment of SSI Attorney Fees to Allowable Federal Law	(\$50,000)	
33.) DSS - Defer MCO Payment in FY 2010 & FY 2011	(\$25,730,000)	\$0
34.) DSS - Eliminate Phase-In of Increased Premiums under Charter Oak Health Plan	(\$1,380,000)	(\$650,000)
35.) DSS - Expand Preferred Drug List to include All Mental Health Drugs	(\$80,000)	
36.) DSS - Implement Cost-Sharing Requirements on Individuals Receiving Medicaid Services	(\$580,000)	
37.) DSS - Implement HUSKY B Premiums under Band 1	(\$180,000)	(\$1,150,000)
38.) DSS - Increase HUSKY B Premiums under Band 2	(\$80,000)	
39.) DSS - Limit Maximum Allowable Cost Reimbursement for Certain Drugs	(\$140,000)	
40.) DSS - Limit Premium Assistance under the Charter Oak Health Plan	(\$300,000)	(\$1,600,000)
41.) DSS - Pharmacy Savings Card Settlement	\$0	(\$6,000,000)
42.) DSS - Reduce Certain Medicaid Provider Rates 5% (2% ICF/MRs and Chronic Disease Hospitals)	(\$4,260,000)	(\$25,810,000)
43.) DSS - Reduce DSH-Urban and CCMC Accounts by 10%	(\$2,126,000)	(\$2,126,000)
44.) DSS - Reduce Support for Independent Living Centers	(\$110,000)	
45.) DSS - Repeal Adult Day Care Rate Increases	(\$95,000)	(\$390,000)
46.) DSS - Restrict Funding for FQHC Enhancements	(\$1,440,000)	
47.) DSS - Restrict Vision Services for Adults under Medicaid	(\$300,000)	

MARCH 1, 2010 DEFICIT MITIGATION PLAN

Expenditure Reductions

amounts shown are net of any impact to federal reimbursements, where applicable

	FY 2010 Amount	FY 2011 Amount
48.) DSS - Restructure Non-Emergency Medical Transportation under Medicaid	(\$570,000)	
49.) DSS - Revise Medicare Part D Co-Pay Requirements for Dually Eligible	(\$180,000)	
50.) DSS - Suspend Balance of Funds for HUSKY Outreach	(\$176,613)	
51.) DSS - Suspend Balance of Funds in DSS Non-Entitlement Grant Accounts - Day Care Projects, Healthy Start, Human Resource Development (including HRD - Hispanic Programs), Services for Persons with Disabilities, Nutrition Assistance, Housing / Homeless Services, Employment Opportunities, Community Services, Human Services Infrastructure, and Teen Pregnancy Prevention	(\$6,217,140)	
52.) DSS - Suspend Coverage of Most Over-the-Counter Drugs	(\$550,000)	
53.) DSS - Suspend Elderly Housing Support Services Grant	(\$200,000)	(\$200,000)
54.) DSS - Suspend Funding for Children's Law Center, Inc.	(\$37,500)	
55.) DSS - Suspend Funding for Elderly Services Transportation Initiative, Advocacy Funds for the Brain Injury Association of Connecticut, Children's Health Council, Home Share Program and Senior Center Expansion	(\$846,940)	(\$914,109)
56.) DSS - Suspend Funding for Non-hospital Sites under the Nurturing Families Network	(\$880,000)	
57.) DSS - Suspend Funding for Teen Pregnancy Prevention Added During FY08 / FY09 Biennium	(\$100,000)	(\$100,000)
58.) DSS - Suspend Funding for the Parent Trust Fund	(\$500,000)	
59.) DSS - Suspend Funding for Transportation for Employment Independence	(\$830,403)	
60.) DSS - Suspend Limited Vision / Non-Emergency Medical Transportation Benefits under SAGA	(\$350,000)	
61.) DSS - Suspend New Funding for Citizenship Training	(\$25,000)	
62.) DSS - Suspend Non-Emergency Dental Services for Adults under Medicaid and SAGA	(\$1,870,000)	(\$22,480,000)
63.) DSS - Update Medical Necessity and Appropriateness Definition under Medicaid	(\$860,000)	
64.) DSS - Use Federal Funds to Support Elderly Nutrition Expansion	(\$150,000)	(\$150,000)
65.) DSS/Comptroller - Revert to Original Payment Structure for Outstationed Eligibility Workers	(\$122,630)	
66.) OCA - Reduce Staffing by 50%	(\$47,500)	(\$310,000)
67.) OLM - Additional Rescissions to Reach 5%	(\$812,205)	
68.) OPM - Eliminate Funding for Neighborhood Youth Centers	(\$1,139,391)	
69.) OPM - Eliminate Funding for Regional Planning Organizations	(\$149,900)	
70.) OPM - Reduce Carry Forward Funding for Operation Fuel for 150-200% FPL	(\$2,000,000)	
71.) OPM - Reduce E-Licensing Carry Forward Funds by 5%	(\$37,857)	
72.) OSC-Misc. - Reduce Funding for Interstate Environmental Commission	(\$19,513)	
73.) OWC - Reduce Funding Spanish American Merchants Association	(\$98,654)	
74.) SDE - Delay New Early Childhood Learning Funding	(\$570,000)	
75.) SDE - Eliminate Non-Formula Charter School Increase	(\$70,000)	
76.) SDE - Suspend Connecticut Pre-Engineering Subsidy	(\$15,000)	
77.) SDE - Suspend Funding for New Early Childhood Planning, Outreach and Coordination Program	(\$400,000)	
78.) TRB - Eliminate the Retiree Health FY09 Carryforward	(\$179,228)	
79.) UCONN - Pick-up of Additional Debt Service Cost	(\$5,000,000)	(\$10,000,000)
80.) Statewide - Change in 100% Benefit under Workers' Compensation Law for Certain State Workers	(\$250,000)	
81.) Statewide - Combine Lincoln's Birthday with Presidents' Day (Requires Collective Bargaining Negotiation)	\$0	(\$3,200,000)
82.) Statewide - Deappropriate General Fund Equipment Funding	(\$11,811)	
83.) Statewide - Reduce FY 2011 Municipal Aid - Coupled with Mandate Relief	\$0	(\$45,000,000)
TOTAL, Expenditure Reductions	(\$81,887,744)	(\$120,341,119)

MARCH 1, 2010 DEFICIT MITIGATION PLAN

Revenue Changes

amounts shown are net of any impact to federal reimbursements, where applicable

	<u>FY 2010 Amount</u>	<u>FY 2011 Amount</u>
1.) Revenue - Implement Hospital User Fee	\$0	(\$64,700,000)
TOTAL, Revenue Changes	<u>\$ -</u>	<u>\$ (64,700,000)</u>

MUNICIPAL MANDATE RELIEF

Governor Rell included in the government reform package previously submitted as part of her proposed mid-term budget adjustments a series of proposals to relieve municipalities and their taxpayers from costly state imposed mandates. The Governor proposed to:

- Allow posting of certain public notices on the internet;
- Allow transmittal of certain required information to state agencies electronically;
- Eliminate municipal requirement to store possessions of evicted tenants;
- Postpone requirement to do in school suspensions;
- Limit to fifteen years the obligation to retain certain municipal records;
- Modify treble damages provision regarding zoning enforcement officers issuance of zoning violations;
- Modify the Raise the Age legislation regarding release provisions;
- Provide for municipal pension reform through the development of an alternative benefits plan; and
- Prohibit enactment of any new unfunded mandates without a 2/3 vote of the General Assembly.

In order to provide local governments with additional tools to address the significant and continuing budget challenges facing the State and municipalities, the Governor is further proposing to:

- Allow local governments and/or local boards of education to petition the State Board of Education for waivers, for a period up to June 30, 2014, of certain educational mandates, which could include proposals to reduce the number and complexity of specific regulations directed at education, including modifications that would reduce the paperwork burden associated with implementing these regulations and requirements, including data collection systems.

The State Board of Education in reviewing these requests would be required to balance the impact on a local district's educational programs and the district's ability to pay. By December 31, 2014, the State Board of Education will report back to the Governor and the General Assembly with the result of these waivers and with recommendations as to potential permanent relief from mandates covered by these waivers;

- Allow local governments to petition the Secretary of the Office of Policy and Management for waivers, for a period up to June 30, 2014, from certain mandates, including proposals to:
 1. Delay the updates of local plans of conservation;
 2. Modify the timeframes for the compliance with certain new wastewater permit requirements by DEP, including new phosphorous-testing and removal requirements;
 3. Modify periodic recertification requirements related to public safety and other local personnel requiring state certifications (e.g., require every two years as opposed to annually); and
 4. Modify state-mandated timeframes related to storm-water testing and similar testing requirements.

The Secretary, in reviewing these requests, would be required to balance the impact on public safety and other programmatic impacts and the municipality's ability to pay, as well as consider federal and other legal requirements. By December 31, 2014, the Secretary will report back to the Governor and the General Assembly with the result of these waivers and with recommendations as to potential permanent relief from mandates covered by these waivers;

- Allow municipalities to charge the same rate as the State for: copies of police reports; for criminal history checks; and freedom of information request redactions for minors;
- Specifically permit two or more municipalities to join together as a single entity to purchase health insurance;
- Eliminate requirement for Public Notice Registry required of planning zoning commissions regarding landowners, electors and non-profit organizations qualified as tax-exempt organizations under section 501 (c) of the IRS code;
- Exclude school and local government employees from eligibility for unemployment benefits during vacations, holidays and after retirement, as well as for part-time or seasonal employees who knowingly accept work on a part-time or stipulated time basis;
- Amend binding arbitration provisions for municipal employees and teachers and administrators in the following manner:
 1. Similar to the state system, maintain the power of local legislative bodies to reject arbitrated awards by a 2/3rds vote, but provide that arbitration process would begin anew instead of going to a second, final and binding arbitration panel. Also, allow local legislative bodies to reject stipulated board of education/teacher agreements;
 2. Remove presumption by arbitrators in favor of retaining contract provisions or continuing past employment practices;

3. Exclude pension and retiree health insurance provisions for future hires from the process;
4. Exclude consideration of municipal fund balances below 15% when arbitrators are considering a local government's ability to pay; and
5. Require arbitration criteria to take into account current economic trends and projected data that indicates the future ability to pay.

These relief proposals will produce significant cost savings for local governments. Just a few of the cost savings projections, from CCM surveys of their members, to date include:

- Allow posting of notices on the internet: \$2.1 million annual savings or more.
- Eliminate municipal responsibility to remove possessions of evicted tenants: \$3.0 million savings annually.
- Delay implementation of in-school suspensions: estimated \$9.0 million in new costs from this mandate.

It is clear that the adoption of Governor Rell's municipal mandate reform proposals will help local governments reduce the costs imposed on them by the state, thereby helping them to weather the current economic downturn and to emerge with a more sustainable base of operations.